



Colorado

Benefits From Exports

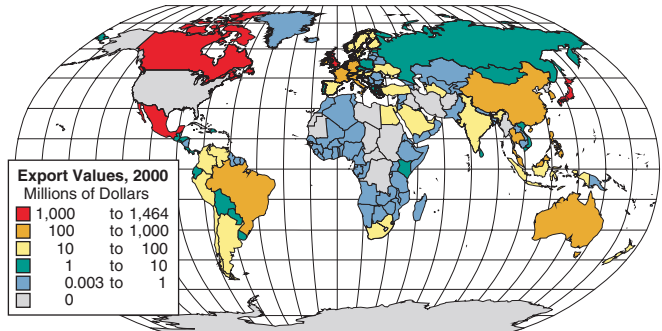
Colorado export sales of merchandise for the year 2000 totaled \$12.3 billion, up by more than eight percent from 1997 and nearly double the state's 1993 total of \$6.2 billion. In 2000, Colorado recorded the 16th largest export total among the states.

The growing importance of foreign markets to Colorado's economy is also reflected in per capita export figures. In 2000, the state recorded merchandise export sales of \$2,852 for every person residing in the state. This was up 64 percent from the per capita figure of \$1,742 registered in 1993. In 2000, Colorado posted the 12th largest per capita export total among the states, up from 14th place in 1993.

Colorado exported globally to 181 foreign destinations in 2000, an increase from 170 destinations in 1997. Exports totaled over \$1 billion to each of the state's top four markets. Colorado's leading market in 2000 was Japan, with \$1.46 billion in sales, followed by the two North American Free Trade Agreement (NAFTA) countries of Mexico (\$1.39 billion) and Canada (\$1.1 billion). Exports to the United Kingdom, the state's fourth biggest market, totaled \$1.06 billion. Other important markets in 2000 were South Korea, Italy, France, Taiwan, Singapore, and Hong Kong.

COLORADO EXPORTED GOODS WORTH \$12.3 BILLION TO 181 FOREIGN MARKETS IN 2000

Dollar Value of Colorado's Merchandise Exports to Foreign Markets, 2000



Source: U.S. Department of Commerce, Exporter Location Series.

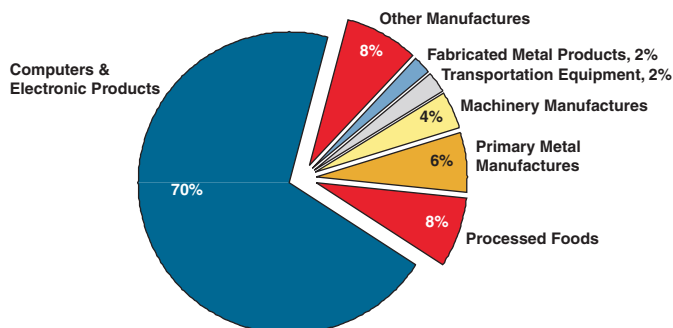
Colorado's major growth markets, in dollar terms, are Canada, the United Kingdom, Switzerland, and Taiwan. The state's exports to each of these markets grew by more than \$300 million over the 1997–2000 period. Over the same time span, Colorado's fastest-growing major markets, in percentage terms, were Switzerland, China, Malaysia, Taiwan, Ireland, and Israel. Sales to each of these destinations more than doubled.

The state's leading export category, by far, is computers and electronic products. These goods accounted for \$8.4 billion, or more than two-thirds, of Colorado's total merchandise exports in 2000. Other major export sectors include processed foods, primary metal manufactures, machinery, and transportation equipment.

Within Colorado, the Denver metropolitan area recorded 1999 merchandise export sales of \$1.56 billion—the most of any metro area in the state. The Colorado Springs area posted exports of \$1.17 billion. Other Colorado metro areas with sizable export sales were Greeley (\$756 million) and Fort Collins–Loveland (\$699 million).

Two Colorado metro areas more than doubled their exports from 1993 to 1999. Greeley expanded export sales by 174 percent, and Fort Collins–Loveland boosted exports by 146 percent.

COLORADO EXPORTED \$12.0 BILLION IN MANUFACTURES IN 2000



Note: Manufactures are a subcategory of total merchandise exports, which also include mining commodities and unprocessed agricultural products.

Source: U.S. Department of Commerce, Exporter Location Series.

Exports Support Good Jobs

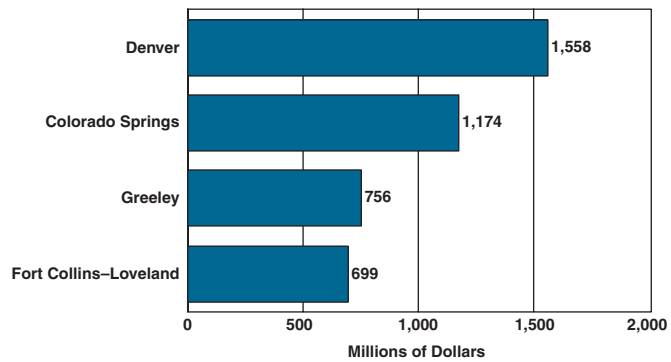
Export-related jobs tend to be good, high-paying jobs. Wages of workers in jobs supported by merchandise exports range 13–18 percent higher than the national average. Export-supported jobs are also more secure: Exporting plants are 9 percent less likely to shut down than comparable nonexporting plants.

In 1997 (latest available data), Colorado depended on manufactured exports for 117,400 jobs. Export-supported jobs in the state accounted for an estimated 6.8 percent of Colorado's total private sector employment.

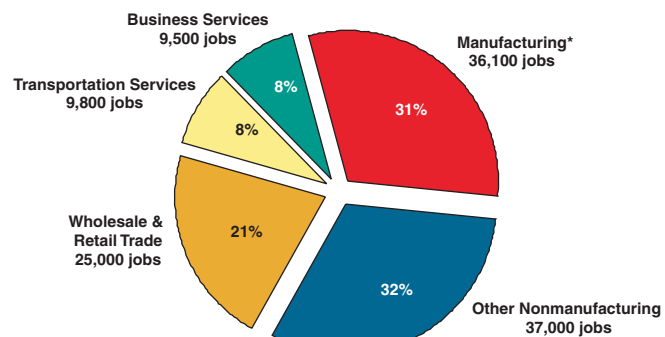
Manufactured exports supported 36,100 workers—more than one of every five jobs—in Colorado's manufacturing industries. Roughly 70 percent of the state's export-related manufacturing jobs were located in three industries: computers and electronic products (17,900 export-sustained jobs), machinery (3,800 jobs), and fabricated metal products (3,300 jobs).

Exports of manufactured goods also indirectly supported 81,300 jobs in Colorado's nonmanufacturing industries. These industries supply manufacturers with a wide variety of inputs needed to produce goods for export, including transportation services, banking and insurance, and other business services.

FOUR COLORADO METRO AREAS POSTED EXPORTS OF \$500 MILLION OR MORE IN 1999



117,400 COLORADO JOBS DEPENDED ON MANUFACTURED EXPORTS IN 1997



Exports Help Small Business

Exports have broadly benefited Colorado businesses, both large and small. A total of 4,145 companies exported from Colorado locations in 1998. Roughly 83 percent of these companies, accounting for 10.6 percent of the state's total exports, were small and medium-sized firms that had fewer than 500 employees. In fact, some 72 percent of all Colorado exporters were small firms with fewer than 100 workers.

Foreign Competitors Are Not Standing Still

While previous rounds of trade negotiations were highly successful in reducing trade barriers, much work remains to be done to level the playing field for U.S. businesses. In fact, the United States has fallen behind our trading partners in combating market barriers through free trade agreements. The United

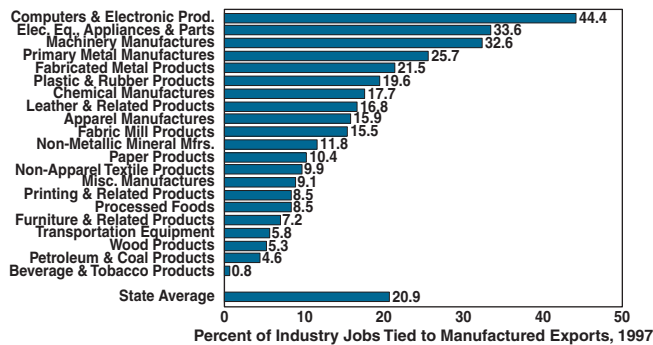
TRADE PROMOTION AUTHORITY— KEY TO OPENING WORLD MARKETS

U.S. Trade Promotion Authority (also known as TPA or "fast track") is essentially an agreement between the President and Congress on how market-opening trade negotiations will be conducted and agreements approved.

Under TPA, the President involves Congress in trade negotiations from the start; Congress, in exchange, agrees to vote yes or no on any resulting agreement in its entirety, without amendments. The two branches set negotiating objectives and consult during trade talks while inviting public comment. This open process allows problems to be identified and resolved during negotiations, when agreement is most easily achieved.

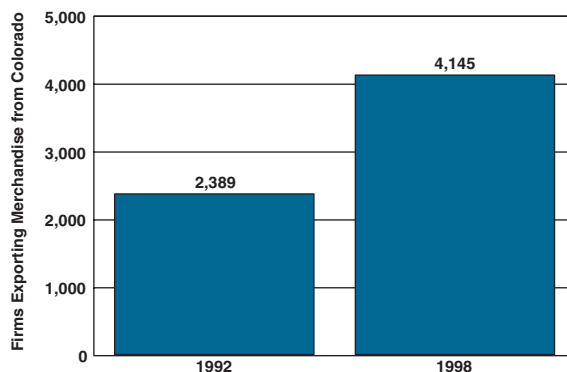
TPA preserves the ability of the United States to protect public health, safety, and the environment.

MORE THAN ONE-FIFTH OF MANUFACTURING JOBS IN COLORADO WERE TIED TO EXPORTS IN 1997



Note: In 1997, 20.9 percent of the 173,100 manufacturing jobs in Colorado were tied to manufactured exports—some 36,100 jobs. For any given manufacturing sector, export-related employment includes all workers producing goods for export or of inputs to the export manufacturing process.
Source: U.S. Department of Commerce, Bureau of the Census, Manufacturing & Construction Division.

THE NUMBER OF COMPANIES EXPORTING FROM COLORADO ROSE 74 PERCENT FROM 1992 TO 1998



Source: U.S. Department of Commerce, Exporter Data Base.

States is a party to just two of the estimated 130 free trade agreements in force worldwide. In comparison, the European Union has FTAs with 27 countries. Since U.S. tariffs are already low compared to those of our trading partners, the United States has a great deal to gain from future negotiations aimed at prying open foreign markets.

Colorado Industries Can Gain From Trade Negotiations

Colorado's exporters still face many tariff and nontariff barriers abroad, especially in developing countries. While developing nations are among the most promising markets, they also tend to have high levels of import protection. Trade negotiations aimed at reducing these barriers will significantly benefit Colorado's businesses across many industrial sectors.

Information technology. Colorado's high-tech businesses are beneficiaries of the Information Technology Agreement. The agreement eliminates duties on the entire IT sector in major markets throughout the world, with the exception of the larger markets of Latin America. Tariffs on IT products in key Latin American markets remain as high as 30 percent. Beyond tariffs, IT products also face such nontariff restrictions as redundant testing and certification requirements. U.S. suppliers, including those in Colorado, would likely see sales rise if remaining barriers on IT products were eliminated.

Metals. Canada and Mexico are the largest markets for U.S. metal exports, which already benefit from duty-free access under NAFTA. However, tariff and nontariff barriers remain in other markets, such as the European Union, where the average tariff on nonferrous metals is twice as high as the average U.S. rate. Colorado metal exporters also face numerous nontariff barriers, such as distribution restrictions.

Scientific equipment. The United States is the world's largest exporter of scientific equipment. Colorado's exporters of these products would benefit from market opening initiatives, particularly tariff reductions that could result from a new World Trade Organization (WTO) round. Tariffs on scientific equipment in many Latin American countries range from 4 percent to 25 percent, while those in some East Asian countries approach 40 percent.

In addition to tariffs, exporters of scientific equipment

COLORADO: WHY TRADE PROMOTION AUTHORITY?

Trade Promotion Authority is critical for removing remaining barriers to exports of Colorado goods and services.

Colorado exporters still face major trade barriers in such sectors as information technology, metals, scientific equipment, and aircraft and parts.

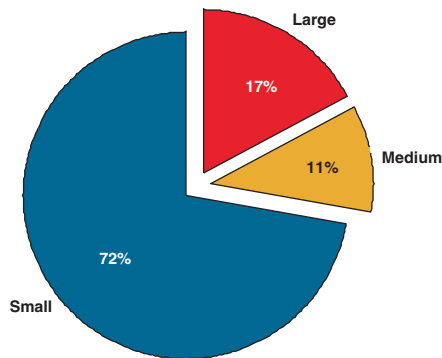
With the United States on the sidelines, foreign competitors are forging ahead and pursuing their own market-opening agreements.

Colorado's economy is export-dependent, with export sales of \$2,852 for every state resident.

Some 117,400 Colorado jobs depend on exports of manufactured goods.

4,145 companies—including 3,432 small and medium-sized businesses—export from Colorado.

83 PERCENT OF COLORADO'S 4,145 EXPORTING FIRMS IN 1998 WERE SMALL AND MEDIUM-SIZED ENTERPRISES



Small = less than 100 employees; medium = 100–499 employees; large = 500 or more employees.
Source: U.S. Department of Commerce, Exporter Data Base.

also face such nontariff restrictions as cumbersome customs clearance and certification requirements.

Civil aircraft and parts. The U.S. civil aircraft industry is the largest in the world. In 2000, total exports of U.S. civil aircraft, engines, and parts were \$45 billion. Over the last five years, three of every five large civil aircraft produced in the United States have been exported. The WTO Agreement on Trade in Civil Aircraft provides for duty-free import of civil aircraft and their components by the 26 signatories to this agreement. However, import tariffs in nonsignatory countries remain as high as 30 percent. Also, a number of nontariff barriers impede Colorado's exports of civil aircraft and parts. For example, some countries do not promptly or fully recognize the safety and international noise certification compliance of all U.S. civil aircraft.

Agriculture. Colorado is an important producer of agricultural products and exports worldwide. According to the U.S. Department of Agriculture, Colorado's agricultural exports totaled \$828 million in 1999. Since 1991, the state's reliance on agricultural exports has ranged from 17 percent to 26 percent as measured by export's share of farm cash receipts. Colorado's top agricultural exports are live animals and red meats, wheat and products, feed grains and products, vegetables and products, and hides and skins. Colorado already benefits from past trade agreements; however, U.S. agricultural exports still face high tariffs and nontariff barriers worldwide.

Services. Services are the biggest component of the U.S. economy and now account for more than one-fourth (28 percent) of

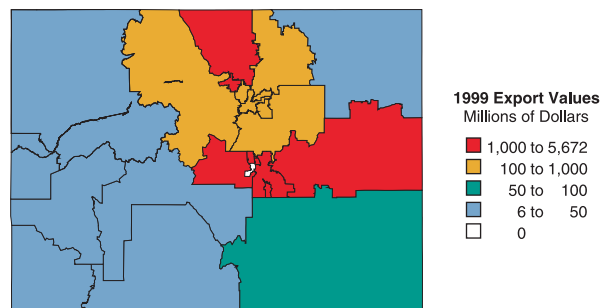
U.S. exports to the world. Service exports in 2000 totaled \$296 billion; the United States ran a surplus of nearly \$80 billion in services trade with the world. Exportable services include transportation services (e.g., air freight), financial services (e.g., banking, insurance) and business services (e.g., engineering, architecture). Service industries confront a wide range of barriers abroad. Trade Promotion Authority will provide added impetus to the new round of global services trade negotiations now under way to dismantle these barriers.

Imports Also Important to Colorado

While exports generate clear benefits for the Colorado economy (jobs, wages, expanded tax base, etc.), the role of imports is less clear—especially since no import statistics are available for states on an end-user basis. Although many often equate imports with “lost” jobs, the reality is usually much more complex. For example, there is no doubt that imports supply critical inputs for many of the goods and services produced in Colorado, including products destined for export. Imports often play a key role in ensuring supplies of vital materials that are either scarce or simply not available domestically. More generally, imports provide consumers and businesses in Colorado with wider choice in the marketplace, thereby enhancing living standards and contributing to competitiveness.

EXPORTS ARE SOLD FROM ALL OVER COLORADO

Colorado's Merchandise Exports by Three-Digit Zip Code, 1999



Note: Iowa's total merchandise exports in 1999 were \$11.2 billion. Due to federal disclosure regulations, shading of zip codes 803 & 808 refers to combined exports from these areas. Unshaded areas represent national forests and parks, federal and military reservations, localities without exports, and areas where export data are suppressed due to federal disclosure regulations.

Source: U.S. Department of Commerce, Exporter Location Series.